



European
Automobile
Manufacturers
Association



European Association of Automotive Suppliers



EUROPEAN
TYRE & RUBBER
manufacturers'
association



Ursula von der Leyen
President of the European Commission
B-1049 Brussels

Brussels, 25 March 2020

Dear President,

We are writing to you on behalf of European vehicle manufacturers, suppliers, tyre manufacturers dealers and repairers to request the opportunity to discuss with you the implications of the current COVID-19 crisis on the automotive sector and the measures that the European Commission could potentially take in this respect.

As you certainly know, the automotive is one of Europe's leading sectors. Directly and indirectly, it employs 13.8 million people in the European Union. This accounts for 6.1% of all EU jobs. Our industry invests €57.4 billion in R&D annually and generates a trade surplus of €84.4 billion for the EU.

There is no doubt the impact on our sector is unprecedented. Both production and sales of motor vehicles and components have come to a sudden halt in most of Europe and in other world regions. Most of our employees are technically unemployed or working from home where that is possible. Nobody knows how long this will last. We have never experienced anything like this.

As our industry is highly capital-intensive, the implications are severe. Companies rely on frequent refinancing to fund their operations. This is challenging in the current situation. Without new revenues, many companies will face significant liquidity problems in the short- to medium-term. Available levels of cash vary across the sector, but several companies could face shortages within a matter of weeks.

We therefore welcome the Commission's adoption of the temporary state aid framework, its recommendation to activate the general escape clause of the Stability and Growth Pact and its proposal to direct €37 billion under EU cohesion policy to the fight against the coronavirus crisis as well as the initiatives taken by the European Central and the European Investment Bank to maintain liquidity in the financial system and in the economy. As regards the latter, we believe more should be done to make liquidity available to companies large and small.

As we direct our focus and resources to addressing these short-term issues, other activities



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inevitably suffer. No production, development, testing or homologation work occurs for the time being. This upsets the plans we had made to prepare ourselves for complying with existing and future EU laws and regulations within the applicable deadlines set in these regulations. We believe therefore that some adjustment would need to be made to the timing of these laws. Please be assured, however, that it is not our intention to question the laws as such nor the underlying objectives of road safety, climate change mitigation and protection of the environment.

Looking into the future, industry and policy makers must together, and in a timely manner, start planning for the period beyond the immediate health crisis. Once the pandemic ceases and health measures can be lifted, transparency and coordination will be indispensable to ensure life and business can resume as quickly as possible, to mitigate the economic impact and support the competitiveness of European industry as much as possible, not least in view of enabling society to pick up on the twin transformation of decarbonisation and digitalisation again in full force.

At that time, it would also help if the Commission were to issue guidelines regarding the health and safety conditions under which workers can return to the factories, dealership and workshops so that this occurs in a uniform manner across the EU. Until we reach that point, our industry stands ready to do what it can to provide vehicles and, where possible medical equipment to fight the ongoing health crisis.

Furthermore, the Single Market is an important achievement of the European Union. Our industries are amongst those who make best use of it to the benefit of customers and society. Defending its integrity is a priority, specifically with regards to the freedom of movement of goods and workers. We welcome the Commission's guidance to Member States for the introduction of "green lanes" for goods. Solutions will be needed for employees, too, specifically in border regions where businesses depend on cross-border commuters in their workforce but also for the movement of specialist workers who keep machines running and supply chains intact.

We would highly welcome an opportunity to discuss these matters with the European Commission, where possible including yourself, your Executive Vice President(s) and/or other Commissioners at your convenience.

We believe this could provide a good basis not only to assess what could be done to mitigate the impact on our sector in the short term but also to prepare an exit strategy for when the worst of the health crisis is behind us.

We hope this proposal meets with your approval and look forward to working with the Commission to ensure that the European automotive sector can bounce back as soon as possible and continue to be in the vanguard of innovation and competitiveness.



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Yours sincerely,

Mike Manley

President

European Automobile
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Copy to:

- Margrethe Vestager, Executive Vice President for a Europe Fit for the Digital Age
- Frans Timmermans, Executive Vice President for the European Green Deal
- Valdis Dombrovskis, Executive Vice President for an Economy that Works for People
- Thierry Breton, Commissioner for Internal Market
- Adina Vălean, Commissioner for Transport